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June 15, 1960

REGISTERED MAIL - RRR

Contract: 046-12519-8

Dear Sir:

[redacted] hereby requests that the total authorized costs of the referenced contract be increased by \$22,434, which represents a portion of the costs incurred over a period from October 20, 1959, to February 29, 1960. (See details below and on the attached sheet.)

The following chronology of efforts, submitted to substantiate this requirement for additional funds, begins with the week of October 20, 1959, inasmuch as it was during this week that [redacted] personnel went to [redacted] to discuss construction of the units with the developer after it had become apparent that the drawings we were using were by no means final and that the units which we were constructing contained inherent mechanical design deficiencies.

1. On our visit to the developer's plant we discovered that [redacted] was not in possession of the final production prints. In fact, there were some 30 drawings on which changes had been made, approximately 19 of which were major changes.
2. After our personnel returned from [redacted] all parts were brought up to date in accordance with the new print changes. However, units constructed to these new prints still did not yield a workable product.
3. Considerable effort was then spent checking the complete set of prints for tolerances, finishes, fit, etc. Changes were made at this time in approximately 40 prints. Where necessary, the components were remade or reworked.

NOTICE

This material contains information affecting the national defense of the United States within the meaning of the espionage laws, Title 18, U.S.C., Sec. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

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4. The first unit constructed in accordance with the [] changed prints was found to be workable and was incorporated in a field unit which was submitted to the customer for testing in February 1960. Changes were still made after this period, notably in the trigger and stop disk assembly.
5. The final units were constructed and delivered in March and April of 1960.

[] takes the position that, inasmuch as the developer indicated that we had final prints on October 20, 1959, a good portion of the time spent between that date and February 29, 1960 (correcting the so-called "final prints") should be reimbursed by the Government.

Column "A" of the attached sheet gives a cost breakdown, by labor category, of the total direct labor charges incurred between October 20, 1959, and February 29, 1960. Column "B" of the same report gives that portion of the total charges which we feel justified in recovering.

You will note that we are requesting only \$300 for material, even though the total material cost for the period under discussion was approximately \$5,000. In addition, we are requesting neither profit nor reimbursement for the travel time of the Instrument Maker from our [] who spent a considerable amount of time in the [] working on the contract.

We welcome the opportunity to discuss this proposal with your representatives.

Very truly yours,

[]

Contract Administrator

Attach.

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